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United States Department of State Washington, D.C. 20520 FAP/C: J. Donor from Steve Savage pm/SAS ×5784 () DECLACERY | MR Comp. Only: I I bautactory | 60 Grations... FU - Exemptions TS authority to:

I am replying to your letter to Secretary Shultz of March 31 in which you and 57 of your colleagues expressed concern about Saudi Arabia's acquisition of Chinese intermediate range ballistic missiles and asked that the Administration not move forward at this time on the sale to Saudi Arabia of AWACS contractor support services.

IS/FPC/COR

We share the Congress' concern about the Saudi acquisition of the Chinese missiles. We have made our concerns clear to the Saudi and Chinese governments, and will continue to do so.

The Saudi purchase of these missiles compounds the already serious trend toward missile proliferation in the region, but the Saudis are only the latest to join the group that includes Iran, Iraq, Israel, Egypt, North Yemen and Syria. Iran, the focal point of Saudi concern, has missiles that can strike at the heart of Saudi Arabia's economic infrastructure. Tran's firing of a Scud missile at Kuwaiti oil facilities April 20 only reinforces Saudi concerns. Because of the volatile politics of the region and the large number of countries involved, it will be difficult to bring about the removal of missiles from the Middle East in the near term. We have begun holding bilateral discussions with other Middle East countries on the missile proliferation problem and potential regional solutions.

We do not believe that holding up notifiable sales is the solution to addressing these regional concerns. particular, we believe that holding up or disapproving the long-term AWACS maintenence support contract would be inappropriate and counter-productive, not only to Saudi interests but also our own. This sale will support a critical military system that the Saudis are using in direct support of U.S. operations in the Gulf. Saudi AWACS support has a direct

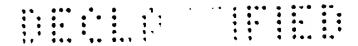
The Honorable Howard M. Metzenbaum, United States Senate.

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bearing on the safety of our military personnel and the effectiveness of our forces in the Gulf. The contract is for personnel services only. It does not involve new equipment or any expansion of military capability.

Because missile technology is available from many countries and many nations in the region already deploy various missile systems, the proliferation of missiles in the Middle East poses a sobering, challenge to our diplomacy. We believe that working with others toward a regional or global solution to the problem is the best approach to meeting that challenge.

Sincerely,

J. Edward Fox Assistant Secretary Legislative Affairs Drafted:PM/SAS:SSavage 4/21/88 W#9493 x5284 Cleared:PM:VLehovich

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